



# Budget Basics

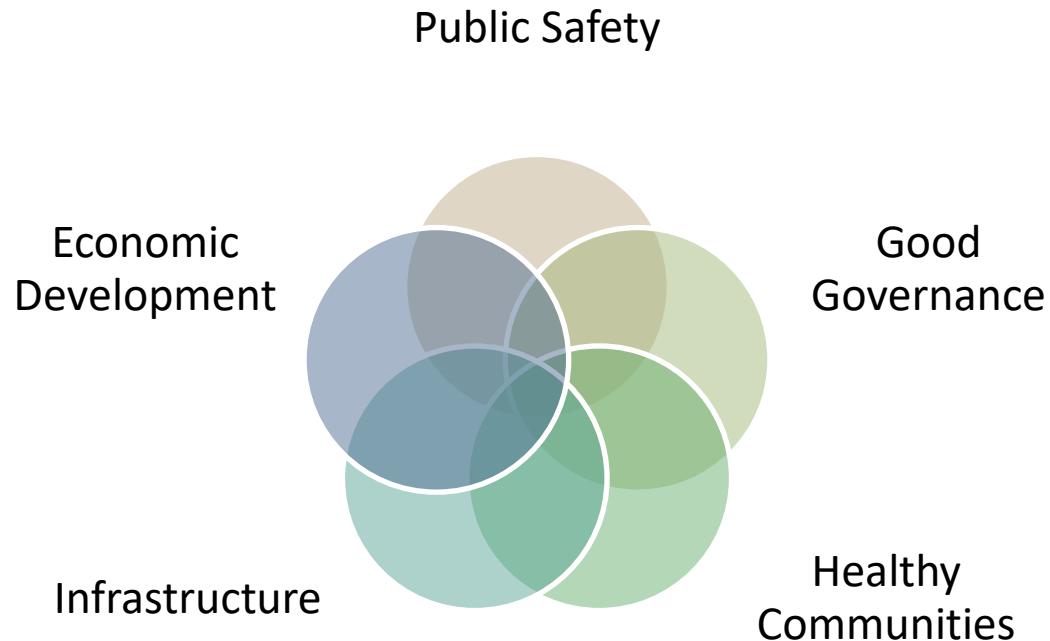
January 12, 2021

# What is a Budget? It isn't just numbers!

- Communication Tool
  - Priorities
  - Policy
  - Service delivery costs
  - Strategic Plan



# Priorities: Strategic Plan Goals



# Budget Calendar

(For July 1<sup>st</sup> through June 30<sup>th</sup> Fiscal Year)

## December

- Salary & Benefits projections distributed to departments
- Budget direction for next Fiscal Year Budget set
- Budget kick-off

## January

- Preparation of Mid-year report
- Board of Supervisors Budget Workshop
- Governor's State Budget released

# Budget Calendar

## February

- Department briefings at Board meetings
- Department budget requests submitted to the CAO's office
- Mid-year report is presented to the Board

## March

- CAO Staff meetings with departments
- Functional Group Meetings with Ad Hoc Committee

# Budget Calendar

## April

- Budget Special Board Meeting

## May

- Governor's May Budget Revision released
- Recommended Budget Book completed & published to website

# Budget Calendar

## June

- Budget Hearing (passed by 3/5 vote of the Board)
- Recommended Budget approved

## August - September

- Books close for prior Fiscal Year
- Changes to Recommended Budget based on year end close and any additional State actions
- Budget Adoption

# What about the numbers?

- The budget is a forecast of all planned revenue and expenses
- Provides a model for how the County might perform financially given certain assumptions about the future
- Enables the actual financial performance of the County to be measured against the forecast

# Is the Budget balanced?

- A budget must balance (Government Code 29009)  
Projected Revenue = Projected Appropriations



- Closed System Budget
  - Increasing appropriations in one area requires decreasing appropriations to another or increasing overall revenue.

# Board Adopted Budget Policies

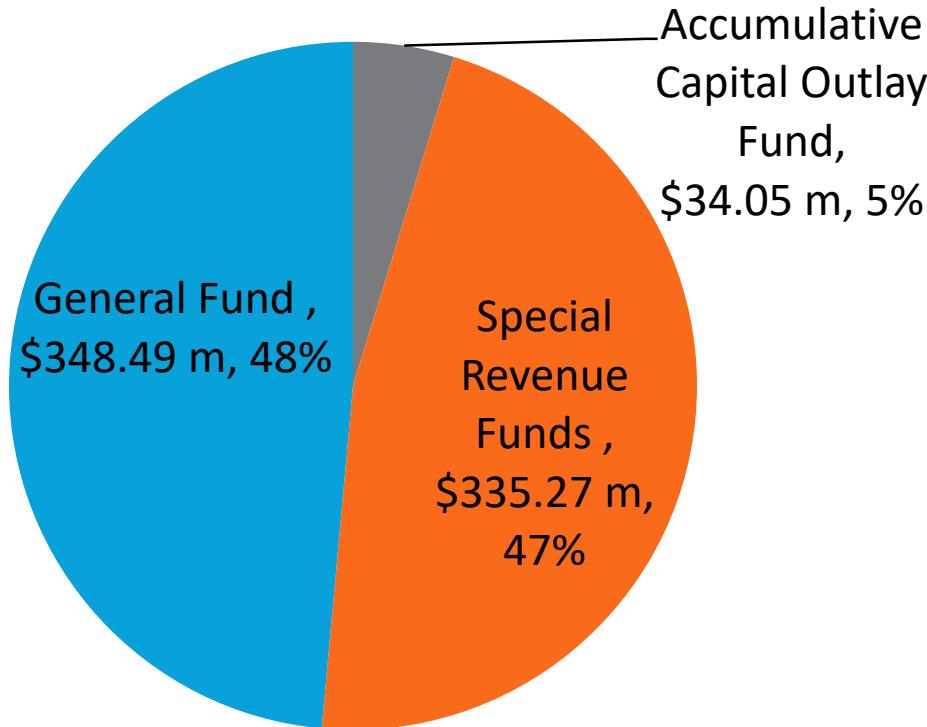
Provide a framework for budgetary decision-making regarding the use of County funds, to ensure prudent County fiscal management and to direct the CAO in the development and management of the County Budget (Policy B-16)

1. Pursue operational efficiencies
2. Maximize the Board's discretion
3. Pursuit of new revenues
4. Grant funding
5. New or enhanced discretionary programs
6. County share
7. Vacant and new positions

# Board Adopted Budget Policies

8. General Fund Contingency
9. Budget controlled at Expenditure Class / Object level
10. General Reserves
11. Designation for Capital Projects
12. Other Post-Employment Benefits (OPEB)
13. Transient Occupancy Tax
14. Fixed (Capital) Assets

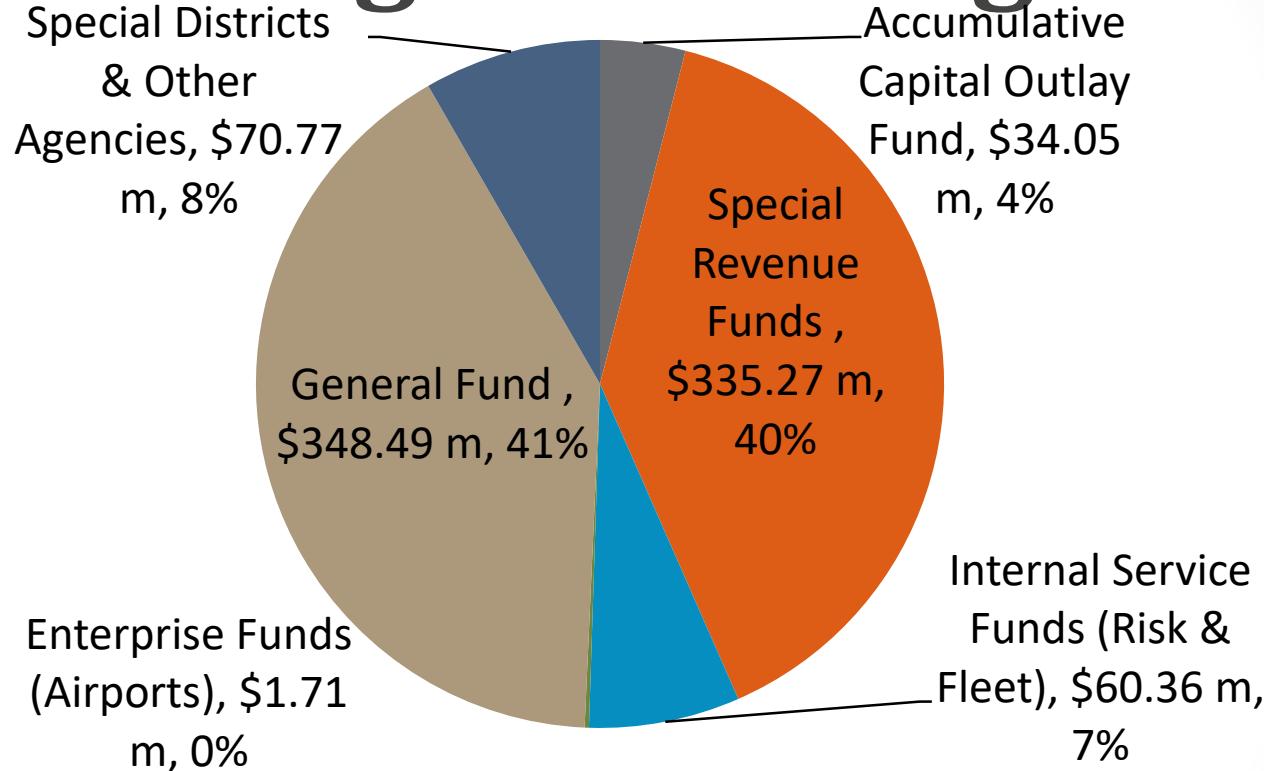
# How big is the Budget?



Total FY 2020-21 Budget (Governmental Funds) = \$717,811,814\*

\*Total does not include designations and reserves that are not appropriated in FY 2020-21.

# How big is the Budget?



Total FY 2020-21 Budget = \$850,654,525\*

21-0046 A 13 of 32

( 13 )

\*Total does not include designations and reserves that are not appropriated in FY 2020-21.

# Special Revenue Funds

- To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes
- Some departments operate out of a special revenue fund e.g. Behavioral Health, Public Health.

# Accumulative Capital Outlay Fund

- To account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets
- Receives a share of ad valorem Property Tax, General Fund contributions, and revenue from other sources for Capital Projects
- FY 2020-21 Adopted Budget \$34.05 million
  - \$18.37 million is Jail Expansion Project Grant

# Internal Service Funds

- To account for supplies and tangible services provided to other units of the same government or different governments on a cost reimbursement basis.
- Funds in El Dorado County:
  - Fleet
  - Risk Management Funds (Liability, Workers' compensation , Health, Retiree Health)

# Enterprise Funds

- To account for the provision of supplies and/or tangible services to the general public that are similar to services provided by business enterprises.
- El Dorado County Examples:
  - Placerville Airport
  - Georgetown Airport

# Special Districts & Other Agencies

- To account for assets held by a government in an agency capacity for special districts and other agencies whose affairs and finances are under the supervision and control of the Board of Supervisors.
- El Dorado County Examples:
  - County Service Areas
  - Air Quality Management District
  - IHSS Public Authority
  - EDC Public Housing Authority

# What is the General Fund?

- The General Fund is where the County's discretionary revenues are accounted for
- Not all the funds in the General Fund are discretionary
  - Programs like Child Support Services (\$4.5 million) and Social Services (\$66 million) operate out of the General Fund, but are funded with state and federal funding

# How does the General Fund support county programs?

- Departments receive revenues from different sources
  - For example: grants, state & federal agencies, and charges for service
- When that doesn't cover all of the department's costs, the difference is made up with General Fund discretionary dollars
- These discretionary dollars are a department's "**Net County Cost**"
- Departments are expected to live within their "Net County Cost" to ensure that no additional General Fund support is required

# Property Taxes

- Property taxes are a major source of unrestricted revenue for the counties, schools, cities, and special districts.
- Biggest source of General Fund revenue, \$76 million

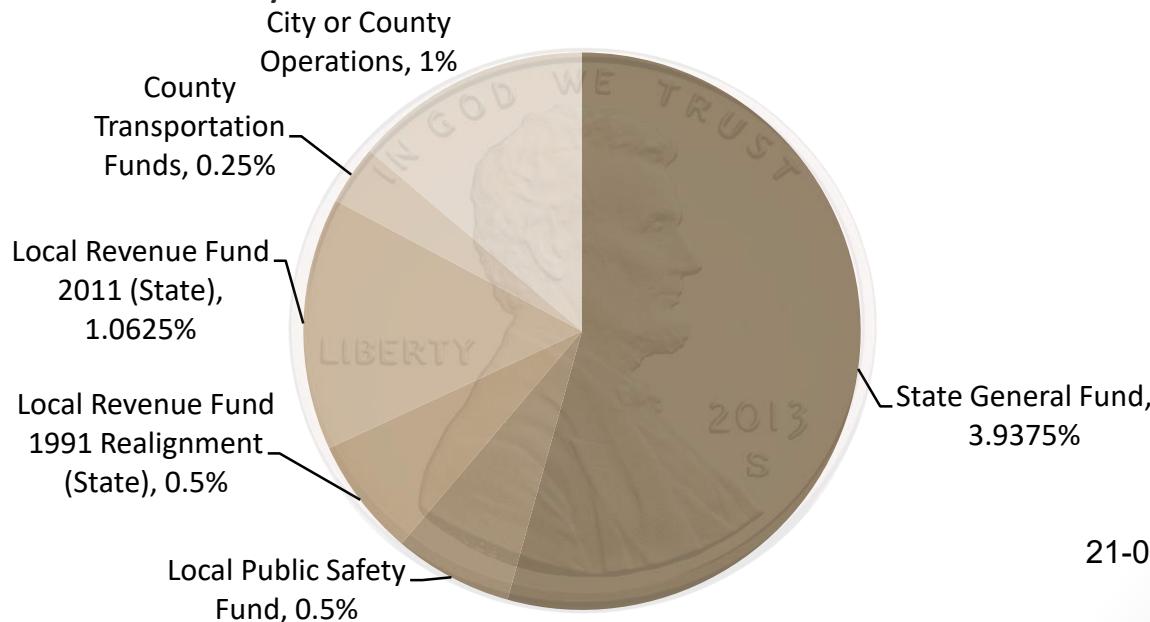


Graphic developed by the Treasurer-Tax Collector Department. (Source El Dorado County Auditor-Controller's Office)  
\*includes the Cities of Placerville and South Lake Tahoe (2.5%), Cities in Lieu Vehicle Licensing fees (.9%) and City of So. Lake Tahoe Redevelopment Successor Agency (1.3%)

21-0046 A 21 of 32

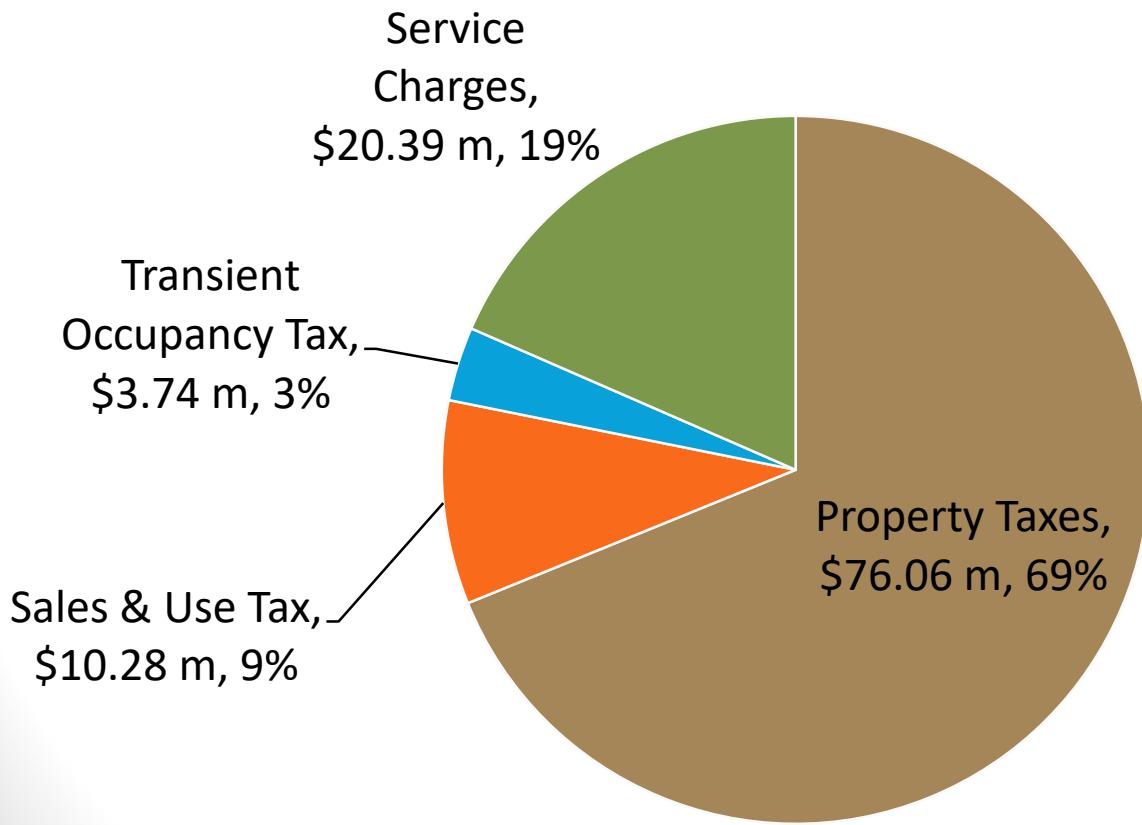
# Sales and Use Tax

- The Bradley-Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%. One-quarter cent of the levy is sent to the county-wide regional transportation fund. The balance goes to support local government general funds.
- \$10.2 million in discretionary revenue



# Primary General Fund

## Discretionary Revenue\*

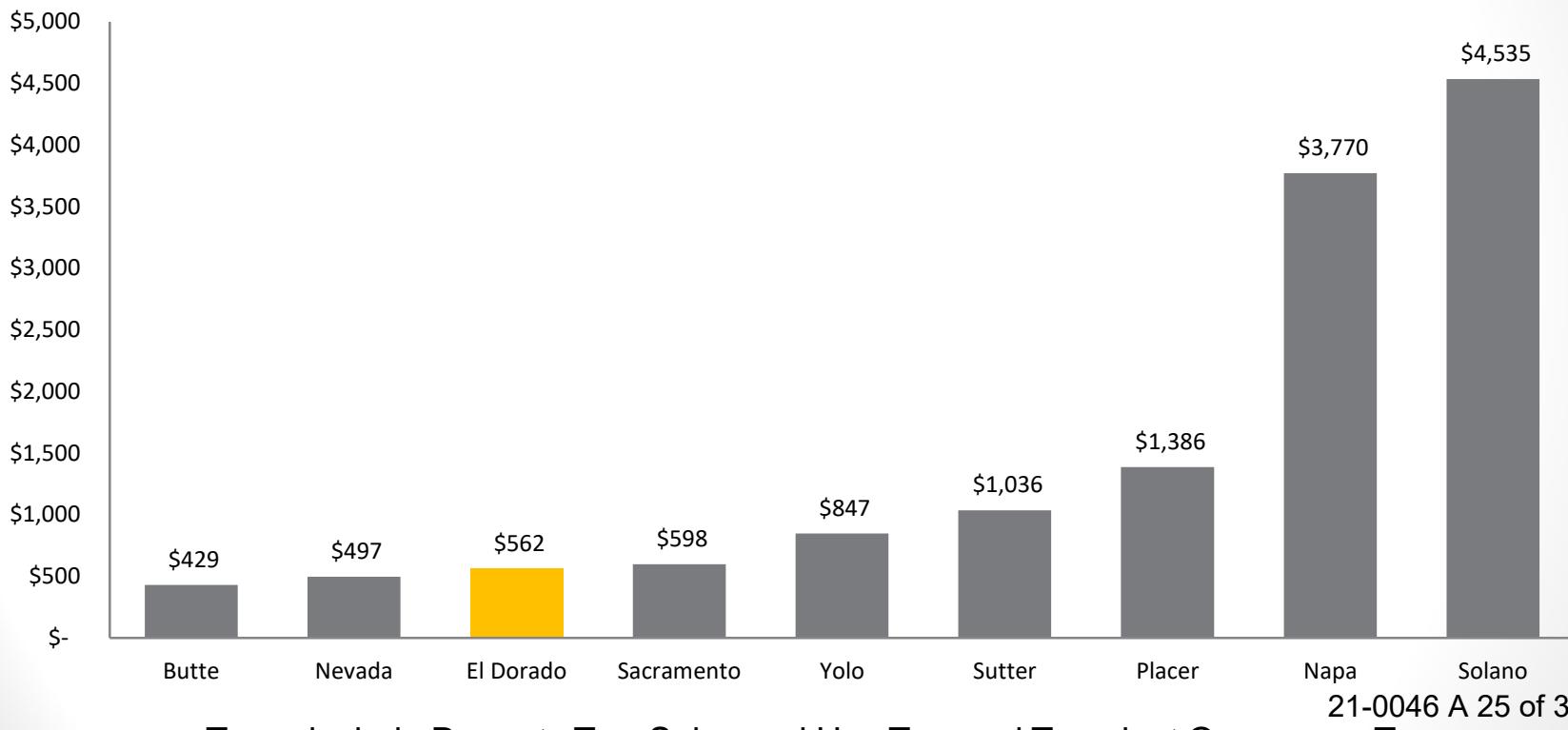


# How Do We Increase Revenue?

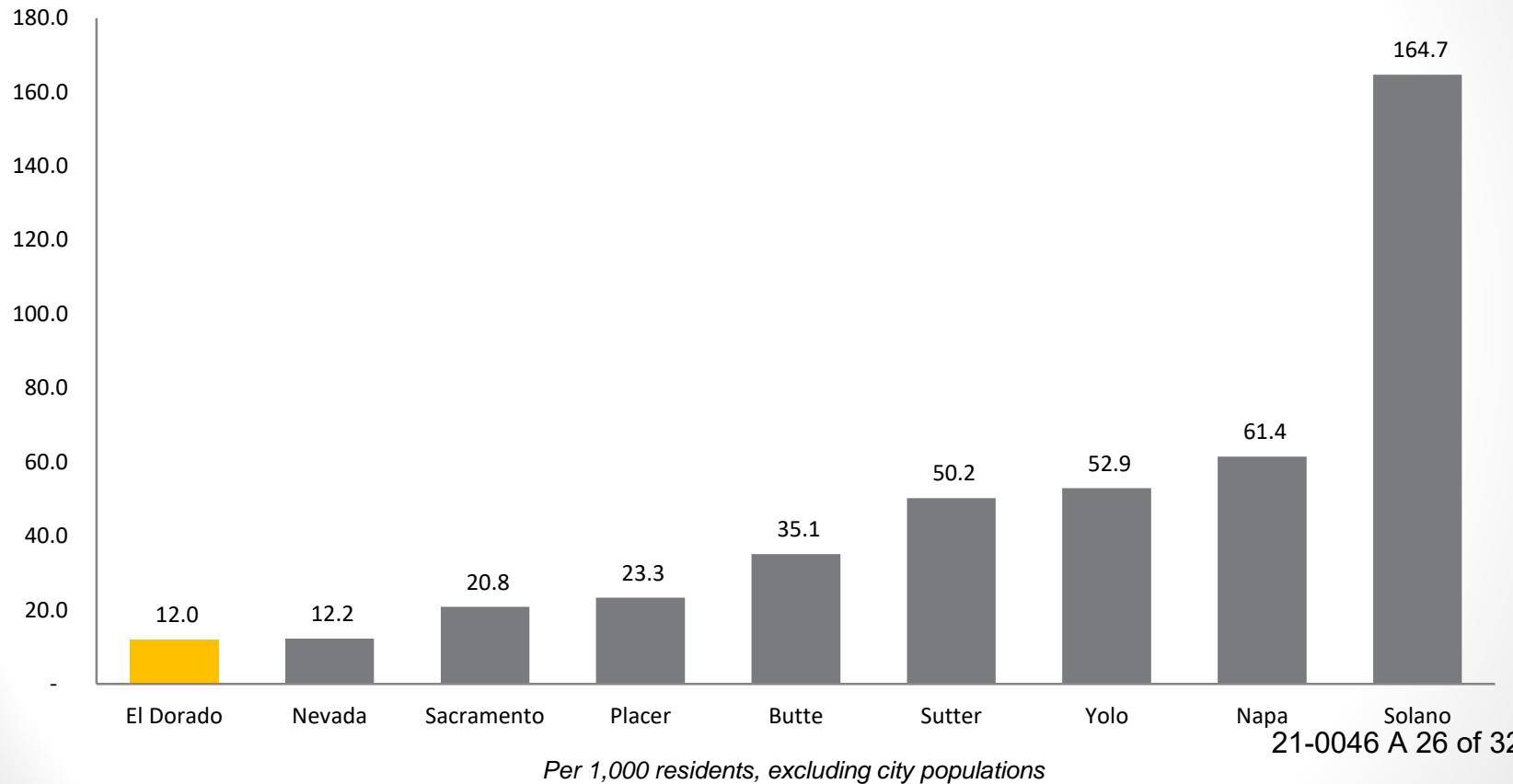
- **Property Tax**
  - Home values increase
    - Existing homes turning over
    - Values increasing because of market demand
  - Build more homes
- **Sales Tax**
  - More businesses
  - More people shopping locally
  - Voter-approved tax increase
- **Transient Occupancy Tax:**
  - Increase number of vacation home rentals
  - Increase hotels/motels
  - Voter-approved tax increase – current rate: 10%
  - Voter-approved measure to charge TOT to private campgrounds
- **Service Charges/Fees**
  - Review and update our fees for full cost recovery
  - Impose new fees

# Taxes Collected Per Resident

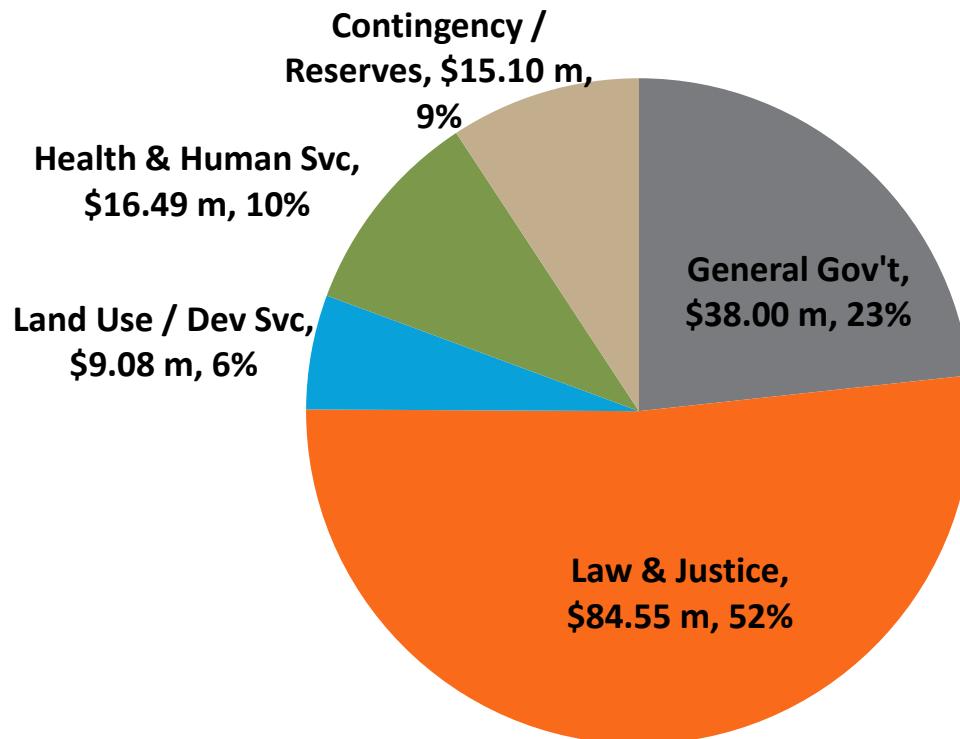
(Unincorporated)



# Total Employees by County



# Distribution of Net County Cost by Functional Group FY 2020-21



# General Fund Reserves, Designations, & Contingency Funds

- \$57.6 million in funds set aside for future use including:
  - \$10 million in General Reserve
    - 5% adjusted General Fund Appropriations
    - Government Code 29086:
      - Except in cases of a legally declared emergency the general reserve may only be established, canceled, or decreased at the time of adopting the budget
      - The general reserve may be increased any time during the fiscal year by a 4/5 vote of the board.
  - \$6 million for Contingency
    - 3% adjusted General Fund Appropriations
    - 4/5 vote is required to use contingency
- \$41.6 million Other Designations & Reserves

# General Fund Reserves & Designations

Description	FY 2020-21 Ending Balance
CAPITAL PROJECTS RESERVE	\$16,931,645
PUBLIC SAFETY FACILITY LOAN RESERVE	\$2,300,000
PUBLIC SAFETY FACILITY LOAN PAYMENTS	\$2,300,000
PARKS ACQUISITION & DEVELOPMENT	\$250,000
GENERAL LIABILITY & WORKERS' COMPENSATION	\$3,000,000
EL DORADO CENTER	\$969,019
AUDIT RESERVE	\$944,430
TOT SPECIAL PROJECTS	\$1,854,965
CALPERS COST INCREASES	\$4,028,893
CALPERS OTHER POST EMPLOYMENT BENEFITS (OPEB)	\$1,368,765
RAY LAWYER DR	\$3,000,000
FEMA ROAD RESERVE	\$1,651,282
JUVENILE HALL	\$1,722,556
INDUSTRIAL DRIVE INTERSECTION	\$1,241,000
TOTAL OTHER DESIGNATIONS & RESERVES	\$41,562,555

# 5 Year Budget Projections

	Conservative	Moderate
<b>Property Tax</b>	<ul style="list-style-type: none"> <li>3.5% growth all years.</li> </ul>	<ul style="list-style-type: none"> <li>3.5% growth FY 2020-21</li> <li>4% growth years after.</li> </ul>
<b>Sales and Use Tax</b>	<ul style="list-style-type: none"> <li>FY 2020-21 is 20% less than prior year budget</li> <li>FY 2021-22 and 2022-23 have 10% growth</li> <li>Then 2% growth</li> </ul>	<ul style="list-style-type: none"> <li>FY 2020-21 is 20% less than prior year budget</li> <li>FY 2021-22 is return to 19-20 budget</li> <li>FY 2022-23 increases by 12% to match FY 2019-20 actuals</li> <li>Increases 2% last two years</li> </ul>

Revenue Surplus/(Shortfall) (In Millions)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	Adopted	Projected	Projected	Projected	Projected
Conservative Projection	\$ -	\$0.89	(\$3.52)	(\$4.26)	(\$5.04)
Moderate Projection	\$ -	\$2.56	(\$0.33)	(\$0.60)	(\$0.87)

# Next Steps

- Departments submit FY 2021-22 Budget requests to Chief Administrative Office by February 19
- Department Budget Briefings:  
February 2: Law & Justice and HHSA  
February 8: General Government & Land Use
- Mid-Year report presented to the Board of Supervisors on February 23
- Budget Hearing June 7

# In Conclusion

- Budget is based on:
  - State and federal laws and mandates
  - Board policies and direction
  - Strategic Plan
- The budget is a collaborative effort among the Board, CAO, and all county departments
- The budget is a closed system – it must balance